

ARTICLES OF INCORPORATION

OF

PRICE RIVER WATER USERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of Utah, and we hereby certify as follows:

ARTICLE 1

The name of this corporation shall be Price River Water Users Association.

ARTICLE 2

This corporation's principal place of business shall be at Price, Carbon County, State of Utah.

ARTICLE 3

The term for which this corporation is to exist shall be 100 years.

ARTICLE 4

This corporation is organized for the purpose of assuming and it does assume the obligations of the Price River Water Conservation District, including, but not limited to the right and obligation to levy and collect necessary operation and maintenance charges in connection with the operation of the Scofield Reservoir. The corporation is also formed to construct, build, purchase, lease, own, acquire, manage or control dams, ditches, canals, head gates, flumes, pipe lines, reservoirs; to own, acquire, use, occupy, convey, regulate, distribute or divide water and water rights and any and every means necessary to control, regulate and distribute water for irrigation, industrial, culinary, domestic and other purposes;

to own, purchase, lease, locate, acquire, mortgage or dispose of water and water rights, reservoir sites and rights of way, and all kinds of property; to borrow money and do all things necessary to enable the company to accomplish said objects and purposes; also to enter into agreements with others including, but not limited to the United States and the State of Utah, to accomplish said objects and purposes.

This corporation is not organized for pecuniary profit, but solely for the benefit of the stockholders of the company and for the rendering of water services to them.

ARTICLE 5

The names of the incorporators, their places of residence and the shares of stock subscribed are as follows:

<u>Name</u>	<u>Residence</u>	<u>Shares of Stock</u>
G. W. Waterman	Price, Utah	272.7
M. H. Mills	Price, Utah	216.1
Russell Waterman	Price, Utah	45.0
Grace Waterman	Price, Utah	25.0
Harvey L. Randall	Price, Utah	26.0
Lee Robertson	Price, Utah	156.0
Effie Mabel Livingston	Price, Utah	105.3
Angelo Peperakis	Price, Utah	510.0
Ruth Jewkes	Price, Utah	44.5
Joe Pollock	Price, Utah	255.0
Harold E. Wilson	Price, Utah	210.3
Jack Chiaretta	Price, Utah	132.0
Niels A. Olsen	Price, Utah	177.0
Howard Bliss	Price, Utah	54.0
Rex and Wallace Mathis	Price, Utah	931.5
Lyle Bryner	Price, Utah	195.0
Marsing Brothers		
by Wm. Marsing	Price, Utah	3,398.9
Irvin Gerber	Wellington, Utah	<u>422.45</u>

Total shares subscribed 7, 176.75

ARTICLE 6

The Board of Directors of this corporation shall consist of three members, two of whom shall constitute a quorum and shall have authority to transact the business and exercise the corporate powers of the corporation. One director shall be elected from the stockholders within each of the following geographical areas: District One: those using or having water distributed to them under the Carbon Canal; District Two: those using or having water distributed to them under the Wellington Canal; and District Three: all other stockholders of the corporation. At the first annual meeting of the stockholders a director from District One shall be elected for a term of three years, a director from District Two for a term of two years and a director from District Three for a term of one year. Thereafter one director shall be elected at each annual meeting to serve for a term of three years and until his successor is chosen and qualified. Directors shall be nominated from the geographical areas hereinabove specified but all stockholders may make nominations and may vote for the directors so nominated. Elections shall be by secret ballot. The nominee receiving the highest number of votes shall be declared elected. To qualify as a director an individual must have standing in his own name upon the books of the corporation, not less than ten shares of stock.

ARTICLE 7

The officers of this corporation shall be a president, a vice president, a secretary and a treasurer. The directors shall select from their members the above named officers at the first director's meeting immediately following the annual

meeting of the stockholders, except that the secretary and treasurer need not be a director or directors. One person may be both secretary and treasurer or one may be the secretary and another the treasurer as the board of directors may determine.

ARTICLE 8

The members of the board of directors who shall serve until the first annual meeting of the stockholders and until their successors are chosen and qualified shall be:

Lyle Bryner	- District One
Irvin Gerber	- District Two
Rex Mathis	- District Three

Until otherwise determined by the board of directors the officers of this corporation shall be Irvin Gerber, president; Rex Mathis, vice president; Carlyle Pace, secretary; and N. P. Pettersson, treasurer.

ARTICLE 9

Section 1

The capital stock of this corporation shall be 30,000 shares without nominal or par value. Said stock is paid in full by the conveyance to this corporation of all the water rights and other assets of the Price River Water Conservation District.

Section 2

Stock shall be issued to those whose lands are within the Price River Water Conservation District and to which lands an allotment of reservoir water has been made, provided said lands

are now in the final proofs submitted to the State Engineer by said District on Application No. 1035 and No. 8989a, or are entitled to be included therein. The Board of Directors is hereby granted specific authority for a period of one year from date of incorporation to rectify errors insofar as said proof is concerned by either eliminating therefrom or adding thereto upon satisfactory proof being given of such error or omission and stock shall be issued accordingly. The board of directors is further authorized during said one year period to recognize payouts made to the Price River Water Conservation District on water within said final proofs which is not now paid out. Stock shall be issued to the person entitled thereto on the basis of one share of stock for each acre foot of water right evidenced by said water applications 1035 and 8989a transferred to this corporation. Certificates of stock shall be issued to owners of such water rights upon the delivery to this corporation of water deeds in a form approved by the board of directors.

Section 3

(a) Stock may be sold or transferred for use any place under the irrigation systems served by the corporation insofar as agricultural uses are concerned without the filing of applications for the change of place of use.

(b) Stock may be sold and transferred for industrial or municipal use any place within Carbon and Emery Counties, State of Utah, and with respect to the same, the board of directors shall make application to the State Engineer in the name of the corporation to effectuate the change of nature and place of use, provided that all expenses in connection therewith shall

be borne by the party for whose benefit the application is filed.

(c) Notwithstanding anything in these articles which may be construed to the contrary, no water stock or water rights irrespective of the nature of use shall ever be sold or transferred for transmountain diversion or for use outside the boundaries of Carbon and Emery Counties, State of Utah without the unanimous written consent of the stockholders of the corporation.

Section 4

On April 1 of each year there shall be a tentative pro-rata allotment of water in storage in Scofield Reservoir to each share of stock and a final pro-rata allotment thereof shall be made at the end of the spring run off. Said allotments shall be as determined by the board of directors and the final allotment thus established shall be the amount of water that each stockholder is entitled to receive for the annual water period. In reckoning said allotment anticipated loss by evaporation and seepage shall be reckoned. Each stockholder using water for irrigation purposes shall have the right to draw his said water allotment on demand during the irrigation season of each year which is hereby defined as his annual use period, and each stockholder using water for industrial or municipal purposes shall have the right to draw such water allotment for a use period from April 1 to the ensuing March 31, which last mentioned date is the cut off date for the use of all municipal or industrial water. Any water remaining in storage on the 31st day of March of each year shall go into the common storage pool and be subject to the allotment for the next period of one year as hereinabove

provided. Irrespective of the nature of his use no stockholder shall have the right to hold water in storage in Scofield Reservoir after March 31 of any year.

ARTICLE 10

Section 1

(a) It is recognized and agreed by the incorporators and stockholders of this corporation that the basic objects and purposes of the corporation cannot be realized unless the waters of the corporation which will be delivered to local canal and ditch companies will be transported and delivered by such local canal and ditch companies through their canals and ditches for ultimate use by the stockholders of this corporation and the waters of this corporation at the date of incorporation will all be delivered to stockholders by and through said local canal and ditch companies. Each share of stock in the corporation shall be forever subject to an assessment by the corporation for general corporation expenses and also shall be forever subject to a local ditch or canal charge, toll, or assessment irrespective of change of nature of place of use. This provision is agreed upon and adopted by the incorporators and stockholders in order to avoid an unjust burden and expense on the stockholders whose waters will continue to flow through said local canals and ditches. Each share of stock issued herein shall have written thereon the name of the original respective delivering canal or ditch company and a corresponding entry shall be made on the corporation stock books and such original designation shall be perpetuated on any subsequent transfers of such stock. A uniform stock assessment shall be levied and collected by the board of directors of this corporation to defray the general corporation expenses. On water delivered

by the corporation to said local canal and ditch companies: such companies, irrespective of the designation on said stock certificates, shall collect their own carrying and delivery charges. On all stock transferred for industrial or municipal use there shall be collected the said uniform general corporation assessment hereinabove mentioned and also the uniform annual carrying charge or assessment levied by the local canal or ditch company whose name is written on such certificates. With respect to such stock transferred for industrial or municipal use the local canal or ditch company annually shall certify the said local assessment to this corporation and this corporation thereupon shall assess and collect the local canal or ditch carrying charge as well as the uniform general corporation assessment. Notices of both of said assessments on stock transferred for municipal or industrial use shall be sent to such stockholders at the same time and shall be separately stated. The corporation shall remit to the appropriate local canal or ditch company the local carrying charges thus collected, less the reasonable cost of collecting and handling the same.

(b) All assessments shall be levied and payable on or before March 1st of each year, and the same may be collected in the manner now or hereafter provided by law, including the right to sell said stock at public sale for the non-payment of such assessments.

Section 2

The board of directors shall have authority to fix, levy and collect an annual minimum service charge of not to exceed the sum of \$1.00 from each stockholder and against said service charge there shall be credited the amount of regular stock assessments levied so that if the said assessments

levied equal the said service charge, the same shall be satisfied thereby.

Section 3

In addition to the right of the corporation to sell stock for delinquency in the payment of assessments as provided by the laws of the State of Utah, this corporation through its board of directors may order the with-holding of the delivery of water to any stockholder who shall not have paid his stock assessment in advance or who shall be delinquent in the payment of any prior assessment. The remedy provided in this section is additional and cumulative to the ones provided in the other sections of this article and either or all of such remedies may be employed by the board of directors of the corporation for the collection of assessments.

ARTICLE 11

The annual meeting of the stockholders of this corporation shall be held within Price, Utah on the first Monday of January of each year at the hour of eight o'clock p.m., if such day be not a legal holiday, and if a legal holiday then on the next succeeding day not a legal holiday. Notice of the annual meeting shall be given by publication in a newspaper having general circulation in Carbon County, Utah for one issue, provided the publication date shall be at least three days prior to the date of such meeting. Special meetings of the stockholders may be called by the president, by two directors, or by stockholders holding not less than one-third of the outstanding stock entitled to vote at such meetings. Notice of all annual and special stockholders meetings shall be given by mailing to each stockholder at his address as shown by the books of the corporation, lawful postage prepaid, at least ten days prior to the date of such meeting,

a copy of such notice specifying the date and place of such meeting and the business to be considered thereat. At all stockholder's meetings, each stockholder shall be entitled to one vote for each share of stock, and a fractional vote for each fractional share of stock owned by him in his own right or held by him in trust for others, as shown by the books of the corporation and such vote or fractional ~~vote~~ may be given in person or by authorized agent or by proxy. A lawful meeting of the stockholders, with the exception of meetings called and held for the purpose of amending these articles of incorporation, may be held by the owners of the stock represented at such meeting whatever the amount, and every question or election thereat shall be decided by a majority of the votes cast.

ARTICLE 12

The private property of the stockholders of this corporation shall not be liable for its obligation.

ARTICLE 13

By-laws may be adopted, amended, or repealed by the stockholders at any annual or special meeting.

ARTICLE 14

These articles of incorporation may be amended in the manner now or which may hereafter be provided by the laws of the State of Utah governing corporations upon the vote of two-thirds of the outstanding stock of the corporation.

IN WITNESS WHEREOF the original incorporators of this corporation hereunto set their hands and souls this 5th day of April, 1956.

/s/ G. W. Waterman

/s/ Joe Pollock

/s/ W. H. Mills

/s/ Harold E. Wilson

/s/ Russell Waterman

/s/ Jack Charette

/s/ Grace Waterman

/s/ NISIE A. OLSEN

/s/ Harvey L. Randall

/s/ HOWARD BLISS

/s/ Lee Robertson

/s/ WALLACE MATHIS

/s/ Effie Mabel Livingston

/s/ Lyle B. Bryner

MARSING BROTHERS

/s/ Angele Peoporakis

By /s/ Wm. Marsing

/s/ Ruth Jewkes

/s/ Rex Mathis

/s/ Irvin Gerber

STATE OF UTAH

COUNTY OF CARBON

} ss.

Irvin Gerber, Rex Mathis and Lyle Bryner being first duly sworn on oath state: That they are three of the incorporators named in the foregoing Articles of Incorporation and that they signed the same; that it is the bona fide intention of the incorporators to commence and carry on the business mentioned in the foregoing Articles of Incorporation; that affiants verily believe that each incorporator has paid or is able to pay and will pay the amount of the capital stock subscribed by him; that at least ten per cent of the capital stock subscribed by each stockholder and not less than ten per cent of the capital stock of the corporation has been paid in.

/s/ Irvin Gerber

/s/ Rex Mathis

/s/ Lyle Bryner

Subscribed and sworn to before me this 11 day of

March, 1956.

/s/ T. H. Jensen

Notary Public

Residing At: Price, Utah

My Commission Expires:

August 4, 1958.

OATH OF OFFICE OF OFFICERS

OF

PRICE RIVER WATER USERS ASSOCIATION

STATE OF UTAH)

ss.

COUNTY OF CARBON)

The undersigned being first duly sworn on oath state:

That they have been chosen officers in this corporation as follows: Irvin Gerber, President and Director, Rex Mathis, Vice President and Director, Lyle Bryner, Director, Carlyle Pace, Secretary, and N. P. Pettersson, Treasurer; that they will discharge the duties as such officers of this corporation to the best of their judgment and that they will not do nor consent to the doing of any matter or thing relating to the business of the corporation with intent to defraud any stockholder or creditor or the public.

/s/ Irvin Gerber

/s/ Rex Mathis

/s/ Lyle Bryner

/s/ Carlyle Pace

/s/ N. P. Pettersson

Subscribed and sworn to before me this 5th day of
April, 1956.

/s/ T. N. Jensen

Notary Public

Residing at: Price, Utah

My Commission Expires:

August 4, 1958.